

## **Amended Statement Cover**

May 4, 2004

Ms. Jill Anne Huisken  
Senior Financial Analyst  
Office of Financial and Insurance Services  
P.O. Box 30220  
Lansing, MI 48909-7720

Dear Jill:

This letter as well as the revised 2003 annual statement is our response to your letter dated April 8, 2004. The headings and item numbers below correspond to those on your letter.

### **Actuarial Opinion**

1. The original actuarial opinion has been attached.
2. We corrected the annual statement. \$350,000 was inadvertently included as accrued other liabilities on page 3, column 3, line 21. This amount has been adjusted to reduce page 3, column 3, line 21 by this amount and increase page 3, column 3, line 1 by the same amount. Claims unpaid now agrees with the actuarial opinion. Accordingly, adjustments have also been made to the following pages to reflect this change - pages 6, 9, 10, 11, 12, 20, 54 and FIS 0321.
3. See attached letter regarding information submitted to actuary.

### **Supplemental Compensation Exhibit**

1. The question regarding being part of a holding company has been changed to "yes".
2. The amounts submitted for 2003, 2002 and 2001 on the 2003 Exhibit SC are actual compensation. The amounts submitted in 2002 were estimated amounts.
3. Beginning in 2003, compensation for employees who perform services for both Total Health Care, Inc. and Total Health Choice, Inc. were allocated accordingly. Therefore, some employees listed on last years exhibit are not included as the amount of their compensation allocated to Total Health Care, Inc. was less than \$100,000.

### **Management Discussion & Analysis**

See revised MD&A attached.

### **FIS 320**

This form has not yet been revised. Karen Connolly, who helped prepare this form, has been out this week for personal matters. I anticipate that this will get revised early next week.

### **QAAP Tax**

The QAAP tax has been corrected to be reported as a negative revenue on page 4, line 6. As such it has no impact on how we reported RBC. See the revised statement.

### **Exhibit 3**

This exhibit now tie to page 2, line 12. See revised statement.

### **Exhibit 5**

This exhibit, line 0799999, column 7 now ties to page 3, line 1, column 3 plus page 3, line 1, inside amount as it should. See revised statement.

### **General Interrogatories**

1. G.I. Part 1, #3.3 - The date has been changed to March 17, 2004. See revised statement.
2. G.I. Part 1, #26.1 - Amount has been added for \$1,257,559 to agree with U&I Ex. Part 3. See revised statement.

**Amended Statement Cover**

- 3. G.I. Part 2, #2 - This has been completed. See revised statement.
- 4. G.I. Part 2, #5.3 - We have changed the amount to \$326,000. See revised statement.
- 5. G.I. Part 2, #6 - This has now been completed. See revised statement.
- 6. G.I. Part 2, #8 - This has been revised. See revised statement.
- 7. G.I. Part 2, #11 - Both 11.4 and 11.6 have been completed. See revised statement.

**Notes to Financial Statements**

- 1. Note 1 - In regards to the allowance for doubtful accounts, this is noted and will be changed for the quarter ended March 31, 2004.
- 2. Note 1 - Based on our discussion the portion of this footnote related to the QAAP is fine as the amount has been broken out on the Statement of Revenue and Expenses
- 3. Note 15 - We have added the lease footnote. See revised footnotes.
- 4. Note 20 - This has been updated accordingly and the remaining footnotes have been renumbered.
- 5. We have added a comment to Note 10 regarding A Total Health Choice's withdrawal from the Wayne County business.

**Item Regarding Accrued Interest**

This item has been noted, and in the future we will report the appropriate amount of interest income related to bonds as such.

**Schedule DA - Part 1**

- 1. The interest rates have been provided for both money market accounts. See revised statement.
- 2. The CUSIP# for the Janus account. See revised statement.

**Schedule Y - Part 2**

Based on our discussion, the amounts have been removed.

**Reporting Errors**

- 1. U&I Ex - Part 2, line 1.1, column 1 now ties to Exhibit 8, line 13, column 1. See revised statement.
- 2. U&I Ex - Part 2C (Grand Total), column 8, line 7 X 1,000 now equals page 3, column 3, line 3. See revised statement.
- 3. U&I Ex - Part 2C (Grand Total), column 7, line 7 X 1,000 now equals page 3, column 3, the sum of lines 1, 2, and 7. See revised statement.
- 4. Exhibit of Premiums, Enrollment and Utilization column 1, line 17 now agrees with U&I Exhibit - Part 2, column 1, line 1.1. It also ties to Exhibit 8, column 1, line 13. See revised statement.
- 5. Exhibit of Premiums, Enrollment and Utilization column 1, line 18 now agrees with U&I Exhibit - Part 2, line 11.1. See revised statement.

We have noted the final two items you brought to our attention and we will correct on a going forward basis.

Please call me with any questions at 313.871.7879

Sincerely,

Brian J. Efrusy

**Amended Statement Cover**

ANNUAL STATEMENT

For the Year Ending December 31, 2003

OF THE CONDITION AND AFFAIRS OF THE

TOTAL HEALTH CARE, INC.

NAIC Group Code	1238 <small>(Current Period)</small>	1238 <small>(Prior Period)</small>	NAIC Company Code	95644	Employer's ID Number	38-2018957
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[ ] Dental Service Corporation[ ] Other[ ]		Property/Casualty[ ] Vision Service Corporation[ ] Is HMO Federally Qualified? Yes[X] No[ ]		Hospital, Medical & Dental Service or Indemnity[ ] Health Maintenance Organization[X]	
Date Incorporated or Organized	07/01/1973		Date Commenced Business	05/01/1976		
Statutory Home Office	3011 W. GRAND BLVD. SUITE 1600 <small>(Street and Number)</small>		DETROIT, MI 48202 <small>(City, or Town, State and Zip Code)</small>			
Main Administrative Office	3011 W. GRAND BLVD. SUITE 1600 <small>(Street and Number)</small>					
	DETROIT, MI 48202 <small>(City or Town, State and Zip Code)</small>		(313)871-2000 <small>(Area Code) (Telephone Number)</small>			
Mail Address	3011 W. GRAND BLVD. SUITE 1600 <small>(Street and Number or P.O. Box)</small>		DETROIT, MI 48202 <small>(City, or Town, State and Zip Code)</small>			
Primary Location of Books and Records	3011 W. GRAND BLVD. SUITE 1600 <small>(Street and Number)</small>					
	DETROIT, MI 48202 <small>(City, or Town, State and Zip Code)</small>		(313)871-2000 <small>(Area Code) (Telephone Number)</small>			
Internet Website Address	TOTALHEALTHCAREONLINE.COM					
Statutory Statement Contact	BRIAN EFRUSY, CFO <small>(Name)</small>		(313)871-7879 <small>(Area Code)(Telephone Number)(Extension)</small>			
	BEFRUSY@THC-ONLINE.COM <small>(E-Mail Address)</small>		(313)871-7406 <small>(Fax Number)</small>			
Policyowner Relations Contact	3011 W. GRAND BLVD., STE. 1600 <small>(Street and Number)</small>					
	DETROIT, MI 48202 <small>(City, or Town, State and Zip Code)</small>		(313)871-2000 <small>(Area Code) (Telephone Number)(Extension)</small>			

OFFICERS

EXECUTIVE DIRECTOR	LYLE EDWARD ALGATE
SECRETARY	GERTRUDE HELEN MINKIEWICZ
TREASURER	MARY JANE CLAY
MEDICAL DIRECTOR	ROBYN JAMES ARRINGTON JR.,M.D.
CO-TREASURER	JEANETTE ABBOTT

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

FRANCES LYNCH	ELEANOR BETTS
DOUGLAS PAUL BAKER	RUBY OCTAVIA COLE
KATHLEEN THERESA KATHER	

State ofMichigan

County ofWAYNEss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

(Signature)	(Signature)	(Signature)
LYLE EDWARD ALGATE	GERTRUDE HELEN MINKIEWICZ	MARY JANE CLAY
(Printed Name)	(Printed Name)	(Printed Name)
EXECUTIVE DIRECTOR	Secretary	Treasurer
	a. Is this an original filing?	Yes[ ] No[X]
	b. If no,	1
Subscribed and sworn to before me this	1. State the amendment number	05/06/2004
day of, 2004	2. Date filed	1
	3. Number of pages attached	

(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D) .....	1,000,000		1,000,000	500,000
2.	Stocks (Schedule D)				
2.1	Preferred stocks .....				
2.2	Common Stocks .....	7,149,062	2,118,626	5,030,436	3,016,290
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens .....				
3.2	Other than first liens .....				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$..... encumbrances) .....				
4.2	Properties held for the production of income (less \$..... encumbrances) .....				
4.3	Properties held for sale (less \$..... encumbrances) .....				
5.	Cash (\$.....23,701,782 Schedule E Part 1), cash equivalents (\$..... Schedule E Part 2) and short-term investments (\$.....6,557,294 Schedule DA) .....	30,259,076		30,259,076	22,564,650
6.	Contract loans (including \$..... premium notes) .....				
7.	Other invested assets (Schedule BA) .....				
8.	Receivable for securities .....				
9.	Aggregate write-ins for invested assets .....				
10.	Subtotals, cash and invested assets (Lines 1 to 9) .....	38,408,138	2,118,626	36,289,512	26,080,940
11.	Investment income due and accrued .....	42,875		42,875	43,660
12.	Premiums and considerations				
12.1	Uncollected premiums and agents' balances in the course of collection .....	1,958,882	142,082	1,816,800	1,213,661
12.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$..... earned but unbilled premiums) .....				
12.3	Accrued retrospective premiums .....				
13.	Reinsurance:				
13.1	Amounts recoverable from reinsurers .....				28,341
13.2	Funds held by or deposited with reinsured companies .....				
13.3	Other amounts receivable under reinsurance contracts .....				
14.	Amounts receivable relating to uninsured plans .....				
15.1	Current federal and foreign income tax recoverable and interest thereon .....				
15.2	Net deferred tax asset .....				
16.	Guaranty funds receivable or on deposit .....				
17.	Electronic data processing equipment and software .....				
18.	Furniture and equipment, including health care delivery assets (\$.....) .....				
19.	Net adjustment in assets and liabilities due to foreign exchange rates .....				
20.	Receivables from parent, subsidiaries and affiliates .....				
21.	Health care (\$.....908,693) and other amounts receivable .....	908,693		908,693	1,850,143
22.	Other assets nonadmitted .....	76,013	76,013		
23.	Aggregate write-ins for other than invested assets .....	2,723		2,723	19,954
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) .....	41,397,324	2,336,721	39,060,603	29,236,699
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
26.	Total (Lines 24 and 25) .....	41,397,324	2,336,721	39,060,603	29,236,699
DETAILS OF WRITE-INS					
0901	.....				
0902	.....				
0903	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page .....				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) .....				
2301.	Deposit .....				10,000
2302.	Other Receivables .....	2,723		2,723	9,954
2303	.....				
2398.	Summary of remaining write-ins for Line 23 from overflow page .....				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	2,723		2,723	19,954

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$..... reinsurance ceded) .....	22,307,750		22,307,750	19,877,972
2.	Accrued medical incentive pool and bonus amounts .....	597,649		597,649	477,631
3.	Unpaid claims adjustment expenses .....	326,997		326,997	283,809
4.	Aggregate health policy reserves .....				
5.	Aggregate life policy reserves .....				
6.	Property/casualty unearned premium reserves .....				
7.	Aggregate health claim reserves .....				
8.	Premiums received in advance .....	171,027		171,027	41,974
9.	General expenses due or accrued .....				
10.1	Current federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses)) .....				
10.2	Net deferred tax liability .....				
11.	Ceded reinsurance premiums payable .....				
12.	Amounts withheld or retained for the account of others .....				
13.	Remittance and items not allocated .....				
14.	Borrowed money (including \$..... current) and interest thereon \$..... (including \$..... current) .....				
15.	Amounts due to parent, subsidiaries and affiliates .....				
16.	Payable for securities .....				
17.	Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers) .....				
18.	Reinsurance in unauthorized companies .....				
19.	Net adjustments in assets and liabilities due to foreign exchange rates .....				
20.	Liability for amounts held under uninsured accident and health plans .....				
21.	Aggregate write-ins for other liabilities (including \$..... current) .....	2,056,763		2,056,763	696,434
22.	TOTAL Liabilities (Lines 1 to 21) .....	25,460,186		25,460,186	21,377,820
23.	Common capital stock .....	X X X	X X X		
24.	Preferred capital stock .....	X X X	X X X		
25.	Gross paid in and contributed surplus .....	X X X	X X X		
26.	Surplus notes .....	X X X	X X X		
27.	Aggregate write-ins for other than special surplus funds .....	X X X	X X X		
28.	Unassigned funds (surplus) .....	X X X	X X X	13,600,417	7,858,879
29.	Less treasury stock, at cost:	X X X	X X X		
29.1	..... shares common (value included in Line 23 \$.....)	X X X	X X X		
29.2	..... shares preferred (value included in Line 24 \$.....)	X X X	X X X		
30.	TOTAL capital and surplus (Lines 23 to 28 minus Line 29) .....	X X X	X X X	13,600,417	7,858,879
31.	TOTAL Liabilities, capital and surplus (Lines 22 and 30) .....	X X X	X X X	39,060,603	29,236,699
DETAILS OF WRITE-INS					
2101.	Accrued Other .....	2,056,763		2,056,763	696,434
2102	.....				
2103	.....				
2198.	Summary of remaining write-ins for Line 21 from overflow page .....				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above) .....	2,056,763		2,056,763	696,434
2701	.....	X X X	X X X		
2702	.....	X X X	X X X		
2703	.....	X X X	X X X		
2798.	Summary of remaining write-ins for Line 27 from overflow page .....	X X X	X X X		
2799.	TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above) .....	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months .....	X X X .....	654,777	623,466
2.	Net premium income (including \$..... non-health premium income) .....	X X X .....	114,856,586	102,765,342
3.	Change in unearned premium reserves and reserve for rate credits .....	X X X .....		
4.	Fee-for-service (net of \$..... medical expenses) .....	X X X .....		
5.	Risk revenue .....	X X X .....		
6.	Aggregate write-ins for other health care related revenues .....	X X X .....	(4,505,785)	
7.	Aggregate write-ins for other non-health revenues .....	X X X .....		
8.	TOTAL revenues (Lines 2 to 7) .....	X X X .....	110,350,801	102,765,342
Hospital and Medical:				
9.	Hospital/medical benefits .....		66,849,143	64,080,681
10.	Other professional services .....		3,191,522	2,077,139
11.	Outside referrals .....			
12.	Emergency room and out-of-area .....		6,180,408	7,869,914
13.	Prescription drugs .....		13,581,120	11,507,972
14.	Aggregate write-ins for other hospital and medical .....		801,197	469,829
15.	Incentive pool, withhold adjustments and bonus amounts .....		558,884	207,864
16.	Subtotal (Lines 9 to 15) .....		91,162,274	86,213,399
Less:				
17.	Net reinsurance recoveries .....		17,252	138,223
18.	TOTAL hospital and medical (Lines 16 minus 17) .....		91,145,022	86,075,176
19.	Non-health claims .....			
20.	Claims adjustment expenses .....		318,230	291,856
21.	General administrative expenses .....		15,861,139	14,300,927
22.	Increase in reserves for life and accident and health contracts (including \$..... increase in reserves for life only) .....			
23.	TOTAL underwriting deductions (Lines 18 through 22) .....		107,324,391	100,667,959
24.	Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X .....	3,026,410	2,097,383
25.	Net investment income earned .....		273,137	326,652
26.	Net realized capital gains or (losses) .....			
27.	Net investment gains or (losses) (Lines 25 plus 26) .....		273,137	326,652
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)] .....			
29.	Aggregate write-ins for other income or expenses .....		9,776	1,504
30.	Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X .....	3,309,323	2,425,539
31.	Federal and foreign income taxes incurred .....	X X X .....		
32.	Net income (loss) (Lines 30 minus 31) .....	X X X .....	3,309,323	2,425,539
DETAILS OF WRITE-INS				
0601.	QUALITY ASSESSMENT ASSURANCE FEE .....	X X X .....	(4,505,785)	
0602.	.....	X X X .....		
0603.	.....	X X X .....		
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	X X X .....		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X .....	(4,505,785)	
0701.	.....	X X X .....		
0702.	.....	X X X .....		
0703.	.....	X X X .....		
0798.	Summary of remaining write-ins for Line 7 from overflow page .....	X X X .....		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above) .....	X X X .....		
1401.	Other Expense .....		801,197	469,829
1402.	.....			
1403.	.....			
1498.	Summary of remaining write-ins for Line 14 from overflow page .....			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....		801,197	469,829
2901.	Miscellaneous Revenue .....		9,776	1,504
2902.	.....			
2903.	.....			
2998.	Summary of remaining write-ins for Line 29 from overflow page .....			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above) .....		9,776	1,504

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year .....	7,858,879	4,547,268
GAINS AND LOSSES TO CAPITAL & SURPLUS			
34.	Net income or (loss) from Line 32 .....	3,309,323	2,425,539
35.	Change in valuation basis of aggregate policy and claim reserves .....		
36.	Net unrealized capital gains and losses .....	1,895,603	202,379
37.	Change in net unrealized foreign exchange capital gain or (loss) .....		
38.	Change in net deferred income tax .....		
39.	Change in nonadmitted assets .....	536,612	683,693
40.	Change in unauthorized reinsurance .....		
41.	Change in treasury stock .....		
42.	Change in surplus notes .....		
43.	Cumulative effect of changes in accounting principles .....		
44.	Capital Changes:		
44.1	Paid in .....		
44.2	Transferred from surplus (Stock Dividend) .....		
44.3	Transferred to surplus .....		
45.	Surplus adjustments:		
45.1	Paid in .....		
45.2	Transferred to capital (Stock Dividend) .....		
45.3	Transferred from capital .....		
46.	Dividends to stockholders .....		
47.	Aggregate write-ins for gains or (losses) in surplus .....		
48.	Net change in capital and surplus (Lines 34 to 47) .....	5,741,538	3,311,611
49.	Capital and surplus end of reporting year (Line 33 plus 48) .....	13,600,417	7,858,879
DETAILS OF WRITE-INS			
4701	.....		
4702	.....		
4703	.....		
4798.	Summary of remaining write-ins for Line 47 from overflow page .....		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....		



CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance .....	110,002,499	102,598,186
2.	Net investment income .....	273,922	326,676
3.	Miscellaneous income .....	711,701	
4.	Total (Lines 1 through 3) .....	110,988,122	102,924,862
5.	Benefit and loss related payments .....	88,595,226	81,828,842
6.	Net transfers to Separate, Segregated and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	16,136,182	15,381,085
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) \$...... net tax on capital gains (losses) .....		
10.	Total (Lines 5 through 9) .....	104,731,408	97,209,927
11.	Net cash from operations (Lines 4 minus 10) .....	6,256,714	5,714,935
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....		
12.2	Stocks .....		
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....		
12.6	Net gains or (losses) on cash and short-term investments .....		
12.7	Miscellaneous proceeds .....		
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....		
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....	500,000	500,000
13.2	Stocks .....		
13.3	Mortgage loans .....		
13.4	Real estate .....		
13.5	Other invested assets .....		
13.6	Miscellaneous applications .....		
13.7	Total investments acquired (Lines 13.1 to 13.6) .....	500,000	500,000
14.	Net increase (or decrease) in policy loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(500,000)	(500,000)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....		
16.3	Borrowed funds received .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....		
16.6	Other cash provided (applied) .....	1,937,712	678,227
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	1,937,712	678,227
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
18.	Net change in cash and short-term investments (Line 11, plus Line 15, plus Line 17) .....	7,694,426	5,893,162
19.	Cash and short-term investments:		
19.1	Beginning of year .....	22,564,650	16,671,488
19.2	End of year (Line 18 plus Line 19.1) .....	30,259,076	22,564,650

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

(Gain and Loss Exhibit)

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employee Health Benefit Plan	Title XVIII- Medicare	Title XIX- Medicaid	Stop Loss	Disability Income	Long- term Care	Other Health	Other Non-Health
1.	Net premium income .....	114,856,586	11,359,712				1,250,303		102,246,571					
2.	Change in unearned premium reserves and reserve for rate credit .....													
3.	Fee-for-service (net of \$..... medical expenses) .....													X X X .....
4.	Risk revenue .....													X X X .....
5.	Aggregate write-ins for other health care related revenues .....	(4,505,785)	(416,501)				(56,690)		(4,032,594)					X X X .....
6.	Aggregate write-ins for other non-health care related revenues .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
7.	TOTAL revenues (Lines 1 to 6) .....	110,350,801	10,943,211				1,193,613		98,213,977					
8.	Hospital/medical benefits .....	66,849,143	5,741,154				349,195		60,758,794					X X X .....
9.	Other professional services .....	3,191,522	195,868				111,381		2,884,273					X X X .....
10.	Outside referrals .....													X X X .....
11.	Emergency room and out-of-area .....	6,180,408	309,754				64,619		5,806,035					X X X .....
12.	Prescription drugs .....	13,581,120	1,037,325				220,515		12,323,280					X X X .....
13.	Aggregate write-ins for other hospital and medical .....	801,197	35,887				4,885		760,425					X X X .....
14.	Incentive pool, withhold adjustments and bonus amounts .....	558,884	63,718				8,673		486,493					X X X .....
15.	Subtotal (Lines 8 to 14) .....	91,162,274	7,383,706				759,268		83,019,300					X X X .....
16.	Net reinsurance recoveries .....	17,252							17,252					X X X .....
17.	TOTAL hospital and medical (Lines 15 minus 16) .....	91,145,022	7,383,706				759,268		83,002,048					X X X .....
18.	Non-health claims (net) .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
19.	Claims adjustment expenses .....	318,230	33,708				4,588		279,934					
20.	General administrative expenses .....	15,861,139	1,677,443				228,318		13,955,378					
21.	Increase in reserves for accident and health contracts .....													X X X .....
22.	Increase in reserves for life contracts .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
23.	TOTAL underwriting deductions (Lines 17 to 22) .....	107,324,391	9,094,857				992,174		97,237,360					
24.	Net underwriting gain or (loss) (Line 7 minus Line 23) .....	3,026,410	1,848,354				201,439		976,617					
DETAILS OF WRITE-INS														
0501.	QUALITY ASSESSMENT ASSURANCE FEE .....	(4,505,785)	(416,501)				(56,690)		(4,032,594)					X X X .....
0502	.....													X X X .....
0503	.....													X X X .....
0598.	Summary of remaining write-ins for Line 5 from overflow page .....													X X X .....
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....	(4,505,785)	(416,501)				(56,690)		(4,032,594)					X X X .....
0601.	0 .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
0602	.....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
0603	.....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
0698.	Summary of remaining write-ins for Line 6 from overflow page .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....		X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	X X X .....	
1301.	Other Expense .....	801,197	35,887				4,885		760,425					X X X .....
1302	.....													X X X .....
1303	.....													X X X .....
1398.	Summary of remaining write-ins for Line 13 from overflow page .....													X X X .....
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above) .....	801,197	35,887				4,885		760,425					X X X .....

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 1 - PREMIUMS**

		1	2	3	4
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (hospital and medical) .....	11,399,907		40,195	11,359,712
2.	Medicare Supplement .....				
3.	Dental only .....				
4.	Vision only .....				
5.	Federal Employee Health Benefits Plan .....	1,255,774		5,471	1,250,303
6.	Title XVIII - Medicare .....				
7.	Title XIX - Medicaid .....	102,623,039		376,468	102,246,571
8.	Stop loss .....				
9.	Disability income .....				
10.	Long-term care .....				
11.	Other health .....				
12.	Health subtotal (Lines 1 through 11) .....	115,278,720		422,134	114,856,586
13.	Life .....				
14.	Property/casualty .....				
15.	TOTALS (Lines 12 to 14) .....	115,278,720		422,134	114,856,586

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 2 - Claims Incurred During the Year**

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1.	Payments during the year:													
	1.1 Direct .....	88,173,612	6,782,116				729,381		80,662,115					
	1.2 Reinsurance assumed .....													
	1.3 Reinsurance ceded .....	17,252							17,252					
	1.4 Net .....	88,156,360	6,782,116				729,381		80,644,863					
2.	Paid medical incentive pools and bonuses .....	438,864	39,498				4,389		394,977					
3.	Claim liability December 31, current year from Part 2A:													
	3.1 Direct .....	22,307,750	2,130,775				223,078		19,953,897					
	3.2 Reinsurance assumed .....													
	3.3 Reinsurance ceded .....													
	3.4 Net .....	22,307,750	2,130,775				223,078		19,953,897					
4.	Claim reserve December 31, current year from Part 2D:													
	4.1 Direct .....													
	4.2 Reinsurance assumed .....													
	4.3 Reinsurance ceded .....													
	4.4 Net .....													
5.	Accrued medical incentive pools and bonuses, current year .....	597,649	59,765				5,976		531,908					
6.	Amounts recoverable from reinsurers December 31, current year .....													
7.	Claim liability December 31, prior year from Part 2A:													
	7.1 Direct .....	19,877,972	1,590,237				198,780		18,088,955					
	7.2 Reinsurance assumed .....													
	7.3 Reinsurance ceded .....													
	7.4 Net .....	19,877,972	1,590,237				198,780		18,088,955					
8.	Claim reserve December 31, prior year from Part 2D:													
	8.1 Direct .....													
	8.2 Reinsurance assumed .....													
	8.3 Reinsurance ceded .....													
	8.4 Net .....													
9.	Accrued medical incentive pools and bonuses, prior year .....	477,631	38,211				4,776		434,644					
10.	Amounts recoverable from reinsurers December 31, prior year .....	28,341							28,341					
11.	Incurred benefits:													
	11.1 Direct .....	90,603,390	7,322,654				753,679		82,527,057					
	11.2 Reinsurance assumed .....													
	11.3 Reinsurance ceded .....	(11,089)							(11,089)					
	11.4 Net .....	90,614,479	7,322,654				753,679		82,538,146					
12.	Incurred medical incentive pools and bonuses .....	558,882	61,052				5,589		492,241					

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2A - Claims Liability End of Current Year**

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1.	Reported in Process of Adjustment:													
	1.1 Direct .....	1,574,098	157,410				15,741		1,400,947					
	1.2 Reinsurance assumed .....													
	1.3 Reinsurance ceded .....													
	1.4 Net .....	1,574,098	157,410				15,741		1,400,947					
2.	Incurred but Unreported:													
	2.1 Direct .....	16,022,845	1,602,285				160,228		14,260,332					
	2.2 Reinsurance assumed .....													
	2.3 Reinsurance ceded .....													
	2.4 Net .....	16,022,845	1,602,285				160,228		14,260,332					
3.	Amounts Withheld from Paid Claims and Capitations:													
	3.1 Direct .....	4,710,807	471,081				47,108		4,192,618					
	3.2 Reinsurance assumed .....													
	3.3 Reinsurance ceded .....													
	3.4 Net .....	4,710,807	471,081				47,108		4,192,618					
4.	TOTALS													
	4.1 Direct .....	22,307,750	2,230,776				223,077		19,853,897					
	4.2 Reinsurance assumed .....													
	4.3 Reinsurance ceded .....													
	4.4 Net .....	22,307,750	2,230,776				223,077		19,853,897					

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE**

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5  Claims Incurred in Prior Years (Columns 1 + 3)	6  Estimated Claim Reserve and Claim Liability December 31 of Prior Year
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
Line of Business							
1.	Comprehensive (hospital and medical) .....	1,650,725	5,131,391	265,000	1,865,775	1,915,725	1,590,237
2.	Medicare Supplement .....						
3.	Dental only .....						
4.	Vision only .....						
5.	Federal Employees Health Benefits Plan .....	165,073	564,308	26,500	196,578	191,573	198,780
6.	Title XVIII - Medicare .....						
7.	Title XIX - Medicaid .....	14,691,455	65,953,408	2,358,500	17,595,397	17,049,955	18,088,955
8.	Other health .....						
9.	Health subtotal (Lines 1 to 8) .....	16,507,253	71,649,107	2,650,000	19,657,750	19,157,253	19,877,972
10.	Other non-health .....						
11.	Medical incentive pool and bonus amounts .....	438,864			597,649	438,864	477,631
12.	TOTALS (Lines 9 to 11) .....	16,946,117	71,649,107	2,650,000	20,255,399	19,596,117	20,355,603

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)**  
**Grand Total**

**Section A - Paid Health Claims**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior .....	13,057	860	(40)	22	2
2.	1999 .....	68,606	9,796	495	39	81
3.	2000 .....	X X X	70,851	10,638	328	128
4.	2001 .....	X X X	X X X	80,069	13,514	402
5.	2002 .....	X X X	X X X	X X X	67,744	15,894
6.	2003 .....	X X X	X X X	X X X	X X X	71,648

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior .....	137,677	137,738	137,696	137,718	137,721
2.	1999 .....	80,402	79,002	78,897	78,937	79,018
3.	2000 .....	X X X	85,154	82,091	81,817	81,944
4.	2001 .....	X X X	X X X	95,814	94,868	94,671
5.	2002 .....	X X X	X X X	X X X	87,023	86,290
6.	2003 .....	X X X	X X X	X X X	X X X	91,905

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	Prior to 1999 .....	X X X	2	1	X X X	3	X X X	52		55	X X X
2.	1999 .....	84,240	79,018	1	0.001	79,019	93.802	79		79,098	93.896
3.	2000 .....	97,657	81,944	1	0.001	81,945	83.911	132	1	82,078	84.047
4.	2001 .....	104,190	94,671	3	0.003	94,674	90.867	266	1	94,941	91.123
5.	2002 .....	102,765	86,290	26	0.030	86,316	83.994	2,120	8	88,444	86.064
6.	2003 .....	110,350,801	91,905	287	0.312	92,192	0.084	20,256	317	112,765	0.102
7.	TOTAL (Lines 1 through 6) .....	X X X	433,830	319	X X X	434,149	X X X	22,905	327	457,381	X X X
8.	TOTAL (Lines 2 through 6) .....	110,739,653	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

12 Total

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Hospital and Medical

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior .....	2,090	138	(6)	2	
2.	1999 .....	10,982	1,568	79	3	8
3.	2000 .....	X X X	11,341	1,703	26	13
4.	2001 .....	X X X	X X X	12,817	1,081	40
5.	2002 .....	X X X	X X X	X X X	4,732	1,589
6.	2003 .....	X X X	X X X	X X X	X X X	5,131

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior .....	22,038	22,048	22,041	22,043	22,043
2.	1999 .....	12,870	12,646	12,629	12,632	12,640
3.	2000 .....	X X X	13,631	13,141	13,070	13,083
4.	2001 .....	X X X	X X X	15,337	14,061	14,054
5.	2002 .....	X X X	X X X	X X X	6,275	6,587
6.	2003 .....	X X X	X X X	X X X	X X X	7,057

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	Prior to 1999 .....	X X X			X X X		X X X	5		5	X X X
2.	1999 .....	12,376	12,640			12,640	102.133	8		12,648	102.198
3.	2000 .....	11,577	13,083			13,083	113.009	13		13,096	113.121
4.	2001 .....	11,572	14,054			14,054	121.448	27		14,081	121.682
5.	2002 .....	7,627	6,587	3	0.046	6,590	86.404	212	1	6,803	89.196
6.	2003 .....	11,360	7,057	29	0.411	7,086	62.377	2,026	32	9,144	80.493
7.	TOTAL (Lines 1 through 6) .....	X X X	53,421	32	X X X	53,453	X X X	2,291	33	55,777	X X X
8.	TOTAL (Lines 2 through 6) .....	54,512	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X



**12      Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . . NONE**

**12      Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE**

**12      Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE**

**12      Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only. . . . . NONE**

**12      Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only. . . . . NONE**

**12      Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only. . . . . NONE**

**12      Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only. . . . . NONE**

**12      Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only. . . . . NONE**

**12      Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only. . . . . NONE**

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)**  
**Federal Employees Health Benefits Plan Premiums**

**Section A - Paid Health Claims**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior .....	124	8			
2.	1999 .....	652	93	5		1
3.	2000 .....	X X X	673	101	4	1
4.	2001 .....	X X X	X X X	760	135	4
5.	2002 .....	X X X	X X X	X X X	563	159
6.	2003 .....	X X X	X X X	X X X	X X X	564

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior .....	1,308	1,309	1,308	1,308	1,308
2.	1999 .....	764	751	750	750	751
3.	2000 .....	X X X	809	780	778	779
4.	2001 .....	X X X	X X X	910	908	906
5.	2002 .....	X X X	X X X	X X X	756	749
6.	2003 .....	X X X	X X X	X X X	X X X	767

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in Which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1.	Prior to 1999 .....	X X X			X X X		X X X	1		1	X X X
2.	1999 .....	858	751			751	87.529	1		752	87.646
3.	2000 .....	684	779			779	113.889	1		780	114.035
4.	2001 .....	675	906			906	134.222	3		909	134.667
5.	2002 .....	1,012	749			749	74.012	21		770	76.087
6.	2003 .....	1,250	767	3	0.391	770	61.600	203	3	976	78.080
7.	TOTAL (Lines 1 through 6) .....	X X X	3,952	3	X X X	3,955	X X X	230	3	4,188	X X X
8.	TOTAL (Lines 2 through 6) .....	4,479	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)**

**Title XVIII - Medicare**  
**Section A - Paid Health Claims**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior .....	<b>N O N E</b>				
2.	1999 .....					
3.	2000 .....					
4.	2001 .....		X X			
5.	2002 .....		X X	X X X		
6.	2003 .....		X X X	X X X	X X X	

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior .....	<b>N O N E</b>				
2.	1999 .....					
3.	2000 .....					
4.	2001 .....		X X			
5.	2002 .....		X X	X X X		
6.	2003 .....		X X X	X X X	X X X	

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	Prior to 1999 .....	X X X			X X X		X X X				X X X
2.	1999 .....										
3.	2000 .....			<b>N O N E</b>							
4.	2001 .....										
5.	2002 .....										
6.	2003 .....										
7.	TOTAL (Lines 1 through 6) .....	X X X			X X X		X X X				X X X
8.	TOTAL (Lines 2 through 6) .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)**  
**Title XIX - Medicaid**

**Section A - Paid Health Claims**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior .....	10,843	714	(34)	20	2
2.	1999 .....	56,972	8,135	411	36	72
3.	2000 .....	X X X	58,837	8,834	298	114
4.	2001 .....	X X X	X X X	66,492	12,298	358
5.	2002 .....	X X X	X X X	X X X	62,449	14,146
6.	2003 .....	X X X	X X X	X X X	X X X	65,953

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1999	2 2000	3 2001	4 2002	5 2003
1.	Prior .....	114,331	114,381	114,347	114,367	114,370
2.	1999 .....	66,768	65,605	65,518	65,555	65,627
3.	2000 .....	X X X	70,714	68,170	67,969	68,082
4.	2001 .....	X X X	X X X	79,567	79,899	79,711
5.	2002 .....	X X X	X X X	X X X	79,992	78,954
6.	2003 .....	X X X	X X X	X X X	X X X	84,081

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	Prior to 1999 .....	X X X	2	1	X X X	3	X X X	46		49	X X X
2.	1999 .....	71,006	65,627	1	0.002	65,628	92.426	70		65,698	92.525
3.	2000 .....	85,396	68,082	1	0.001	68,083	79.726	118	1	68,202	79.866
4.	2001 .....	91,943	79,711	3	0.004	79,714	86.699	236	1	79,951	86.957
5.	2002 .....	94,126	78,954	23	0.029	78,977	83.906	1,887	7	80,871	85.918
6.	2003 .....	102,247	84,081	255	0.303	84,336	82.483	18,027	282	102,645	100.389
7.	TOTAL (Lines 1 through 6) .....	X X X	376,457	284	X X X	376,741	X X X	20,384	291	397,416	X X X
8.	TOTAL (Lines 2 through 6) .....	444,718	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

12 Title XIX-Medicaid

**12      Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other . . . . . NONE**

**12      Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other . . . . . NONE**

**12      Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other . . . . . NONE**

**13      Underwriting Invest Exh Pt 2D - A & H Reserve - . . . . . NONE**

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 3 - ANALYSIS OF EXPENSES**

	1	2	3	4
	Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent (\$..... for occupancy of own building) .....		301,000		301,000
2. Salaries, wages and other benefits .....	318,230	6,916,573		7,234,803
3. Commissions (less \$..... ceded plus \$..... assumed) ...		141,652		141,652
4. Legal fees and expenses .....		1,257,559		1,257,559
5. Certifications and accreditation fees .....		314,390		314,390
6. Auditing, actuarial and other consulting services .....		471,585		471,585
7. Traveling expenses .....		471,585		471,585
8. Marketing and advertising .....		1,571,949		1,571,949
9. Postage, express and telephone .....		943,169		943,169
10. Printing and office supplies .....		314,390		314,390
11. Occupancy, depreciation and amortization .....		956,559		956,559
12. Equipment .....		157,195		157,195
13. Cost or depreciation of EDP equipment and software .....				
14. Outsourced services including EDP, claims, and other services .....				
15. Boards, bureaus and association fees .....		157,195		157,195
16. Insurance, except on real estate .....		628,779		628,779
17. Collection and bank service charges .....		157,195		157,195
18. Group service and administration fees .....				
19. Reimbursements by uninsured accident and health plans .....				
20. Reimbursements from fiscal intermediaries .....				
21. Real estate expenses .....				
22. Real estate taxes .....				
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes .....				
23.2 State premium taxes .....				
23.3 Regulator authority licenses and fees .....				
23.4 Payroll taxes .....		314,390		314,390
23.5 Other (excluding federal income and real estate taxes) .....				
24. Investment expenses not included elsewhere .....				
25. Aggregate write-ins for expenses .....		785,974		785,974
26. Total expenses incurred (Lines 1 to 25) .....	318,230	15,861,139		(a) ... 16,179,369
27. Less expenses unpaid December 31, current year .....				
28. Add expenses unpaid December 31, prior year .....				
29. Amounts receivable relating to uninsured accident and health plans, prior year .....				
30. Amounts receivable relating to uninsured accident and health plans, current year .....				
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .	318,230	15,861,139		16,179,369
<b>DETAILS OF WRITE-INS</b>				
2501. Office Supplies .....		785,974		785,974
2502 .....				
2503 .....				
2598. Summary of remaining write-ins for Line 25 from overflow page .....				
2599. Totals (Lines 2501 through 2503 + 2598)(Line 25 above) .....		785,974		785,974

(a) Includes management fees of \$..... to affiliates and \$..... to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds .....	(a).....	
1.1	Bonds exempt from U.S. tax .....	(a).....	
1.2	Other bonds (unaffiliated) .....	(a).....	
1.3	Bonds of affiliates .....	(a).....	
2.1	Preferred stocks (unaffiliated) .....	(b).....	
2.11	Preferred stocks of affiliates .....	(b).....	
2.2	Common stocks (unaffiliated) .....		
2.21	Common stocks of affiliates .....		
3.	Mortgage loans .....	(c).....	
4.	Real estate .....	(d).....	
5.	Contract loans .....		
6.	Cash/short-term investments .....	(e)..... 273,137	273,137
7.	Derivative instruments .....	(f).....	
8.	Other invested assets .....		
9.	Aggregate write-ins for investment income .....		
10.	Total gross investment income .....	273,137	273,137
11.	Investment expenses .....	(g).....	
12.	Investment taxes, licenses and fees, excluding federal income taxes .....	(g).....	
13.	Interest expense .....	(h).....	
14.	Depreciation on real estate and other invested assets .....	(i).....	
15.	Aggregate write-ins for deductions from investment income .....		
16.	Total deductions (Lines 11 through 15) .....		
17.	Net Investment income (Line 10 minus Line 16) .....	273,137	
DETAILS OF WRITE-INS			
0901	.....		
0902	.....		
0903	.....		
0998.	Summary of remaining write-ins for Line 9 from overflow page .....		
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....		
1501	.....		
1502	.....		
1503	.....		
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....		

- (a) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (b) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued dividends on purchases.
- (c) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (d) Includes \$..... for company's occupancy of its own buildings; and excluding \$..... interest on encumbrances.
- (e) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (f) Includes \$..... accrual of discount less \$..... amortization of premium.
- (g) Includes \$..... investment expenses and \$..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$..... interest on surplus notes and \$..... interest on capital notes.
- (i) Includes \$..... depreciation on real estate and \$..... depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Net Gain (Loss) from Change in Difference Between Basis Book/Adjusted Carrying and Admitted Values	Total
1.	U.S. Government bonds .....	.....	.....	.....	.....	.....
1.1	Bonds exempt from U.S. tax .....	.....	.....	.....	.....	.....
1.2	Other bonds (unaffiliated) .....	.....	.....	.....	.....	.....
1.3	Bonds of affiliates .....	.....	.....	.....	.....	.....
2.1	Preferred stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.11	Preferred stocks of affiliates .....	.....	.....	.....	.....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....	.....	.....	.....
3.	Mortgage loans .....	.....	.....	.....	.....	.....
4.	Real estate .....	.....	.....	.....	.....	.....
5.	Contract loans .....	.....	.....	.....	.....	.....
6.	Cash/short-term investments .....	.....	.....	.....	.....	.....
7.	Derivative instruments .....	.....	.....	.....	.....	.....
8.	Other invested assets .....	.....	.....	.....	.....	.....
9.	Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....	.....
10.	Total capital gains (losses) .....	.....	.....	.....	.....	.....
DETAILS OF WRITE-INS						
0901	.....	.....	.....	.....	.....	.....
0902	.....	.....	.....	.....	.....	.....
0903	.....	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....	.....	.....	.....

**EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS**

		1	2	3
		End of Current Year	End of Prior Year	Changes for Year (Increase) or Decrease
1.	Summary of items Page 2, Lines 12 to 20, Column 2 .....	142,082		(142,082)
2.	Other Nonadmitted Assets:			
2.1	Bills receivable .....			
2.2	Leasehold improvements .....			
2.3	Cash advanced to or in the hands of officers and agents .....			
2.4	Loans on personal security, endorsed or not .....			
2.5	Commuted commissions .....			
3.	Total (Lines 2.1 to 2.5) .....			
4.	Aggregate write-ins for other assets .....	2,194,639	2,873,333	678,694
5.	TOTAL (Line 1 plus Line 3 and Line 4) .....	2,336,721	2,873,333	536,612
<b>DETAILS OF WRITE-INS</b>				
0401.	MEMBERSHIP LIST .....	76,013	133,023	57,010
0402.	SUBSIDIARY MEMBERSHIP LIST .....	2,118,626	2,715,310	596,684
0403.	SUBSIDIARY - PREPAID EXPENSES .....		25,000	25,000
0498.	Summary of remaining write-ins for Line 4 from overflow page .....			
0499.	TOTALS (Lines 0401 through 0403 plus 0498) (Line 4 above) .....	2,194,639	2,873,333	678,694



**EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY**

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations .....	53,327	55,949	53,531	55,658	55,867	654,777
2.	Provider Service Organizations .....						
3.	Preferred Provider Organizations .....						
4.	Point of Service .....						
5.	Indemnity Only .....						
6.	Aggregate write-ins for other lines of business .....						
7.	TOTAL .....	53,327	55,949	53,531	55,658	55,867	654,777
DETAILS OF WRITE-INS							
0601	.....						
0602	.....						
0603	.....						
0698.	Summary of remaining write-ins for Line 6 from overflow page .....						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....						

## Notes to Financial Statement

### Note 1 - Nature of Business and Summary of Significant Accounting Policies

Total Health Care, Inc. (the "Company") operates as a state-licensed health maintenance organization (HMO). Total Health Care, Inc. provides medical services to persons primarily in southeastern Michigan who subscribe as recipients of state or federal health benefits, as recipients of Wayne County general assistance, as part of an employer group, or as individuals.

Total Health Care, Inc. and Total Health Choice, Inc., a wholly owned subsidiary, have common officers on their respective governing boards.

**Statutory Basis of Accounting** - The financial statements have been prepared in accordance with the NAIC *Accounting Practices and Procedures* manual and the statutory accounting principles as prescribed by Section 1007 of the Michigan statutes. Statutory accounting principles differ from generally accepted accounting principles (GAAP) in their definition of assets and liabilities. Specifically, certain assets (such as intangible assets and receivables greater than 90 days) are excluded from the statutory-basis balance sheet. GAAP net assets exceed statutory net assets by approximately \$2,100,000 and \$2,900,000 at December 31, 2003 and 2002, respectively. There are no significant differences between statutory accounting principles prescribed by the NAIC and the State of Michigan accounting requirements that are applicable to the Company.

**Cash and Cash Equivalents** - The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Certificates of deposit in banks or other similar financial institutions with maturity dates of one year or less from the acquisition date are considered cash under statutory accounting principles.

**Investments** - Short-term investments and long-term certificates of deposit are recorded at cost, which approximates fair market value. Long-term certificates of deposit are classified as bonds on the balance sheet per statutory guidance. Investments in health care subsidiaries are reported at the statutory net worth value of the subsidiary under the equity method. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in net investment income on the statement of revenue and expenses. Changes in unrealized gains and losses on investments are included as a direct adjustment to capital and surplus.

**Revenue Recognition and Accounts Receivable** - Capitation revenue and subscriber premiums are recognized in the period members are entitled to related health care services. A substantial portion of accounts receivable is due from third-party payers for subscribers located within southeastern Michigan. An allowance for doubtful accounts of \$1,000,000 and \$250,000 has been recorded for receivables at December 31, 2003 and 2002, respectively. Receivables greater than 90 days old are treated as non-admitted for statutory accounting purposes. Approximately \$143,000 and \$0 of receivables greater than 90 days old was non-admitted in 2003 and 2002, respectively. During 2003, the Company began paying Quality Assurance Assessment fees based on a percentage of Medicaid revenue. 2003 revenues is reported net of the fees which totaled \$4,505,785.

**Recognition of Medical and Hospital Expenses** - Medical and hospital expenses and the related liabilities are recorded when eligible medical and hospital services are authorized or performed. Unpaid claims represent management's estimate of the ultimate cost to settle all claims incurred prior to year end. Capitation retained for the settlement of risk-sharing is included in the accrued medical incentive pool liability at December 31, 2003 and 2002.

**Physician Group Contracts** - The Company contracts with physician groups for the provision of medical care and compensates the groups on a capitation basis. A portion of the capitation payments is retained for payment of specialty claims, pharmacy incentives, and settlement of risk-sharing agreements with each of the

## Notes to Financial Statement

physician groups. These retentions are included in the accrued medical incentive pool liability at December 31, 2003 and 2002. To the extent specialty claims exceed the amounts withheld the medical incentive pool liability is reduced by balances deemed collectible by management.

**Hospital Group Contracts** - The Company contracts with several hospital and other groups. These contracts are paid under capitated fees or various other charge arrangements.

**Malpractice Claims** - The Company has a claims-made policy for malpractice insurance. The Company's policy is to accrue for estimated costs of claims and incidents during the term of the claims-made policy.

**Employee Staffing and Purchased Services Agreement** - The Company has an employee staffing and purchased services agreement with a limited liability company which is responsible for payment of most of the management, operational, and administrative expenses. Ultimate operational control rests with the Board of Directors of Total Health Care, Inc.

**Income Taxes** - Total Health Care, Inc. has received federal income tax exemption under Internal Revenue Code Section 501(c)(4). The Company is also exempt from state and local income taxes.

**Funds Maintained Under Statutory Requirements** - The Company maintains segregated funds under statutory requirements to protect members and health care providers in the event the Company is unable to meet its contractual obligations. These funds can be issued only at the direction of the insurance commissioner in accordance with statutory and contractual provisions. Interest earned on these funds can be utilized by the Company.

**Use of Estimates** - The preparation of financial statements in conformity with statutory accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Certain significant estimates exist relating to unpaid claims. It is at least reasonably possible that these estimates will be materially revised in the near term.

**Reclassification** - Certain items in the 2002 financial statements have been reclassified to conform to the 2003 report presentation.

### Note 2 - Accounting Changes and Corrections of Errors

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Michigan. Effective January 1, 2003, the State of Michigan required that health maintenance organizations domiciled in the State of Michigan prepare their statutory basis financial statements in accordance with the NAIC *Accounting Practices and Procedures* manual in effect on January 1, 2003 subject to any deviations prescribed or permitted by the State of Michigan insurance commissioner. There was no impact on the statutory financial statements as a result of the accounting changes.

### Note 3 - Business Combinations and Goodwill

This note is not applicable to the Company.

### Note 4 - Discontinued Operations

This note is not applicable to the Company.

## Notes to Financial Statement

### **Note 5 - Investments**

The Company does not have investments relating to mortgage loans, debt restructuring, reverse mortgages, loan-backed securities, repurchase agreements, or real estate.

### **Note 6 - Joint Ventures, Partnerships, and Limited Liability Companies**

The Company has no investments in joint ventures, partnerships, or limited liability companies.

### **Note 7 - Investment Income**

The Company has no investment income due and accrued over 90 days past due.

### **Note 8 - Derivative Instruments**

The Company does not invest in derivatives.

### **Note 9 - Income Taxes**

This note is not applicable to the Company.

### **Note 10 - Information Concerning Parent, Subsidiaries, and Affiliates**

The Company owns 100 percent of two subsidiaries: A Total Health Choice, Inc. and Total Health Choice, Inc. A Total Health Choice, Inc. has a statutory statement value of \$235,674 and \$212,387 at December 31, 2003 and 2002, respectively. Total Health Choice, Inc. has a statutory statement value of \$4,794,763 and \$2,803,903 at December 31, 2003 and 2002, respectively. The value of the investment in Total Health Choice, Inc. has been reduced by nonadmitted assets totaling \$2,118,626 and \$2,740,310 at December 31, 2003 and 2002, respectively.

Profit from intercompany activity with A Total Health Choice inc. of \$503,142 and \$385,193 in 2003 and 2002 respectively, was reported as unrealized gain, at the direction of the Michigan Office of Financial and Insurance Services.

As of November 30, 2003, A Total Health Choice is no longer involved in the Wayne County business.

### **Note 11 - Debt**

This note is not applicable to the Company.

### **Note 12 - Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences, and Other Postretirement Benefit Plans**

This note is not applicable to the Company.

### **Note 13 - Capital and Surplus, Stockholders' Dividend Restrictions, and Quasi-reorganizations**

The portion of unassigned funds (surplus) represented or reduced by unrealized gains and the change in nonadmitted asset values is \$2,493,900 and \$886,072 at December 31, 2003 and 2002, respectively.

### **Note 14 - Contingencies**

Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation and other matters are not considered material in relation to the financial position of the Company. No amounts have been accrued for losses as no losses are deemed probable or estimable. Estimated losses for claims related matters are accrued as claims unpaid.

### **Note 15 - Leases**

## Notes to Financial Statement

The Company leases office space and computer software services under various noncancelable operating lease agreements that expire through December 2006. Rental expense for 2003 and 2002 was approximately \$301,000 and \$181,000, respectively.

At December 31, 2003, the minimum aggregate rental commitments are as follows:

<u>Year Ending December 31</u>	
2004	\$ 541,000
2005	360,000
2006	<u>150,000</u>
	<u>\$1,051,000</u>

Certain rental commitments have automatic one year renewal options. Some of these renewals are subject to adjustments in future periods.

**Note 16 - Information about Financial Instruments with Off-balance-sheet Risk and Financial Instruments with Concentrations of Credit Risk**

This note is not applicable to the Company.

**Note 17 - Sale, Transfer, and Servicing of Financial Assets and Extinguishments of Liabilities**

This note is not applicable to the Company.

**Note 18 - Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans**

This note is not applicable to the Company.

**Note 19 - Direct Premium Written/Produced by Managing General Agents/Third Party Administrators**

This note is not applicable to the Company.

**Note 20 - Other Items**

At December 31, 2003 and 2002, the Company had admitted assets of \$2,725,493 and \$3,063,804, respectively, in accounts receivable for amounts due from subscribers, governmental entities, and other health care providers. The Company routinely assesses the collectibility of these receivables and adjusts the allowance for uncollectible accounts accordingly.

The Company did not have activity relating to extraordinary items, troubled debt restructuring, multiple peril crop insurance, mezzanine real estate loans, or September 11 events during 2003 and 2002.

**Note 21 - Events Subsequent**

No unusual or material events have occurred subsequent to year end.

**Note 22 - Reinsurance**

Total Health Care, Inc. maintains a reinsurance policy to provide coverage on an annual per member basis after a \$220,000 deductible is reached. The maximum lifetime reinsurance indemnity payable under each agreement is \$2,000,000 per

Notes to Financial Statement

member. The Company has reported premiums net of reinsurance ceded of \$422,134 and \$408,129 as of December 31, 2003 and 2002, respectively. Losses recovered by the Company totaled \$17,252 and \$138,223 during 2003 and 2002, respectively. There is no reinsurance recoverable recorded at December 31, 2003. The Company recorded a reinsurance recoverable of \$28,341 at December 31, 2002.

The Company does not have reinsurance assumed, uncollectible reinsurance, or retroactive reinsurance.

**Note 23 - Retrospectively Rated Contracts and Contracts Subject to Redetermination.**

This note is not applicable to the Company.

**Note 24 - Change in Incurred Claims and Claim Adjustment Expenses**

The estimated reserve for claims payable, including known and unsettled claims, is determined by the Company. The method of making such estimates and for establishing the resulting reserves is continually reviewed and updated and any adjustments resulting there from are reflected in expense currently. The estimated reserve for claims incurred but not reported has been determined by an enrolled actuary.

Although management believes that the provision for unpaid claims is adequate, no assurance can be given that the ultimate settlement of these liabilities may not be greater or less than such estimates. Any future adjustments to these amounts will affect the reported results of future periods.

The 2002 and 2003 incurred relating to prior years decreased due to claims settling for less than originally estimated.

**Note 25 - Intercompany Pooling Arrangements**

This note is not applicable to the company

**Note 26 - Structured Settlements**

This note is not applicable to the company.

**Note 27 - Health Care Receivables**

The Company has a net liability from provider specialty claim withhold arrangements. Claims unpaid include gross specialty withhold liabilities of \$320,554. Health care receivables include specialty withhold amounts of \$52,688 net of an allowance for uncollectible amounts of \$267,866.

The Company does not record pharmaceutical rebate receivables. Rebates are netted with pharmacy expense when received. During 2003 and 2002, pharmacy rebates in the amount of \$440,115 and \$324,305, respectively, were collected.

Health Care Receivables include the following amounts related to specialty pool receivables:

Calendar Year	Evaluation	Period Year Ending	Risk Sharing Receivable as Estimated in the Current Year	Risk Sharing Receivable Billed	Risk Sharing Receivable as Estimated in the Prior Year	Risk Sharing Receivable Amounts in Year Billed	Risk Sharing Receivable Amounts Received First Year Subsequent
2003	2003	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2002	2002	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	2003	\$0.00	\$52,688.00	\$0.00	\$52,688.00	\$0.00	\$0.00

## Notes to Financial Statement

**Note 28 - Participating Policies**

This note is not applicable to the company.

**Note 29 - Premium Deficiency Reserves**

This note is not applicable to the company.

**Note 30 - Anticipated Salvage and Subrogation**

Loss reserves have not been reduced for any salvage or subrogation. During 2003 and 2002, the Company received subrogation totaling \$9,762 and \$992, respectively.

**SUMMARY INVESTMENT SCHEDULE**

Investment Categories		Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
		1 Amount	2 Percentage	3 Amount	4 Percentage
1.	Bonds:				
1.1	U.S. treasury securities .....	1,000,000	2.617	1,000,000	2.762
1.2	U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21	Issued by U.S. government agencies .....				
1.22	Issued by U.S. government sponsored agencies .....				
1.3	Foreign government (including Canada, excluding mortgage-backed securities) .....				
1.4	Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41	States, territories and possessions general obligations .....				
1.42	Political subdivisions of states, territories and possessions and political subdivisions general obligations .....				
1.43	Revenue and assessment obligations .....				
1.44	Industrial development and similar obligations .....				
1.5	Mortgage-backed securities (includes residential and commercial MBS):				
1.51	Pass-through securities:				
1.511	Guaranteed by GNMA .....				
1.512	Issued by FNMA and FHLMC .....				
1.513	Privately issued .....				
1.52	CMOs and REMICs:				
1.521	Issued by FNMA and FHLMC .....				
1.522	Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC .....				
1.523	All other privately issued .....				
2.	Other debt and other fixed income securities (excluding short term):				
2.1	Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....				
2.2	Unaffiliated foreign securities .....				
2.3	Affiliated securities .....				
3.	Equity interests:				
3.1	Investments in mutual funds .....				
3.2	Preferred stocks:				
3.21	Affiliated .....				
3.22	Unaffiliated .....				
3.3	Publicly traded equity securities (excluding preferred stocks):				
3.31	Affiliated .....				
3.32	Unaffiliated .....				
3.4	Other equity securities:				
3.41	Affiliated .....	6,959,357	18.209	4,950,038	13.671
3.42	Unaffiliated .....				
3.5	Other equity interests including tangible personal property under lease:				
3.51	Affiliated .....				
3.52	Unaffiliated .....				
4.	Mortgage loans:				
4.1	Construction and land development .....				
4.2	Agricultural .....				
4.3	Single family residential properties .....				
4.4	Multifamily residential properties .....				
4.5	Commercial loans .....				
4.6	Mezzanine real estate loans .....				
5.	Real estate investments:				
5.1	Property occupied by company .....				
5.2	Property held for production of income (includes \$..... of property acquired in satisfaction of debt) .....				
5.3	Property held for sale (\$..... including property acquired in satisfaction of debt) .....				
6.	Policy loans .....				
7.	Receivables for securities .....				
8.	Cash and short-term investments .....	30,259,076	79.174	30,259,076	83.568
9.	Other invested assets .....				
10.	Total invested assets .....	38,218,433	100.000	36,209,114	100.000



**GENERAL INTERROGATORIES**  
**PART 1 - COMMON INTERROGATORIES**  
**GENERAL**

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[ ] N/A[ ]  
Michigan
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[ ] No[X]
- 2.2 If yes, date of change:  
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2002
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2002
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

03/17/2004
- 3.4 By what department or departments?  
MICHIGAN OFFICE OF FINANCIAL AND INSURANCE SERVICES
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[ ] No[X]
- 4.12 renewals?

Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[ ] No[X]
- 4.22 renewals?

Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[ ] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement)

Yes[ ] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[ ] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity
N/A	



**GENERAL INTERROGATORIES (continued)**

**INVESTMENT**

18. List the following capital stock information for the reporting entity:

Class		1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price If Callable	5 Is Dividend Rate Limited?	6 Are Dividends Cumulative?
1.	Preferred .....	.....	.....	.....	.....	Yes[ ] No[ ] N/A[X]	Yes[ ] No[ ] N/A[X]
2.	Common .....	.....	.....	.....	..... X X X .....	..... X X X .....	..... X X X .....

19.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits?

Yes[X] No[ ]

19.2 If no, give full and complete information, relating thereto:

20.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 16.1).

Yes[ ] No[X]

20.2 If yes, state the amount thereof at December 31 of the current year:

20.21 Loaned to others

20.22 Subject to repurchase agreements

20.23 Subject to reverse repurchase agreements

20.24 Subject to dollar repurchase agreements

20.25 Subject to reverse dollar repurchase agreements

20.26 Pledged as collateral

20.27 Placed under option agreements

20.28 Letter stock or securities restricted as to sale

20.29 Other

\$ .....

\$ .....

\$ .....

\$ .....

\$ .....

\$ .....

\$ .....

\$ .....

\$ .....

20.3 For each category above, if any of these assets are held by other, identify by whom held:

- 20.31
- 20.32
- 20.33
- 20.34
- 20.35
- 20.36
- 20.37
- 20.38
- 20.39

For categories (20.21) and (20.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

20.4 For category (20.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	.....	.....

21.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes[ ] No[X]

21.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes[ ] No[ ] N/A[X]

If no, attach a description with this statement.

22.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes[ ] No[X]

22.2 If yes, state the amount thereof at December 31 of the current year.

\$ .....

**GENERAL INTERROGATORIES (continued)**

**INVESTMENT**

23. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?
- 23.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:
- Yes[X] No[ ]

1 Name of Custodian(s)	2 Custodian's Address
BANK ONE - MICHAEL M. BARRY .....	611 WOODWARD AVE., DETROIT, MI 48226 .....
COMERICA BANK - PETER KENNEDY .....	P.O. BOX 75000, DETROIT, MI 48275-3462 .....

- 23.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
N/A .....	.....	.....

- 23.03 Have there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year?
- 23.04 If yes, give full and complete information relating thereto:
- Yes[ ] No[X]

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
N/A .....	.....	.....	.....

- 23.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
N/A .....	.....	.....

- 24.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?
- 24.2 If yes, complete the following schedule:
- Yes[ ] No[X]

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.....	N/A .....	.....
24.2999 Total .....	.....	.....

- 24.3 For each mutual fund listed in the table above, complete the following schedule:

1  Name of Mutual Fund (from above table)	2  Name of Significant Holding of the Mutual Fund	3  Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4  Date of Valuation
N/A .....	.....	.....	.....

**GENERAL INTERROGATORIES (Continued)**

**OTHER**

25.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

25.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

\$ .....

1 Name	2 Amount Paid
N/A .....	.....

26.1 Amount of payments for legal expenses, if any?

26.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

\$..... 1,257,559

1 Name	2 Amount Paid
NUYEN, TOMTISHEN AND AOUN, P.C. ....	..... 683,978

27.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

27.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

\$ .....

1 Name	2 Amount Paid
N/A .....	.....

**GENERAL INTERROGATORIES (continued)**

**PART 2 - HEALTH INTERROGATORIES**

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[ ] No[X]
- 1.2 If yes, indicate premium earned on U.S. business only:

\$ .....
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ .....
- 1.31 Reason for excluding:
- 1.4 Indicate amount of premium earned attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$ .....
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ .....
- 1.6 Individual policies - Most current three years:
- 1.61 Total premium earned

\$ .....
- 1.62 Total incurred claims

\$ .....
- 1.63 Number of covered lives

\$ .....
- All years prior to most current three years:
- 1.64 Total premium earned

\$ .....
- 1.65 Total incurred claims

\$ .....
- 1.66 Number of covered lives

\$ .....
- 1.7 Group policies - Most current three years:
- 1.71 Total premium earned

\$ .....
- 1.72 Total incurred claims

\$ .....
- 1.73 Number of covered lives

\$ .....
- All years prior to most current three years:
- 1.74 Total premium earned

\$ .....
- 1.75 Total incurred claims

\$ .....
- 1.76 Number of covered lives

\$ .....

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator .....	114,856,586	102,765,342
2.2	Premium Denominator .....	114,856,586	102,765,342
2.3	Premium Ratio (2.1 / 2.2) .....	1.000	1.000
2.4	Reserve Numerator .....	22,555,399	20,355,603
2.5	Reserve Denominator .....	22,882,396	20,639,412
2.6	Reserve Ratio (2.4 / 2.5) .....	0.986	0.986

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[ ] No[X]
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency?

Yes[X] No[ ]
- 4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[ ] No[X]
- 5.1 Does the reporting entity have stop-loss reinsurance?

Yes[X] No[ ]
- 5.2 If no, explain:
- 5.3 Maximum retained risk (see instructions):
- 5.31 Comprehensive Medical

\$ ..... 326,000
- 5.32 Medical Only

\$ .....
- 5.33 Medicare Supplement

\$ .....
- 5.34 Dental

\$ .....
- 5.35 Other Limited Benefit Plan

\$ .....
- 5.36 Other

\$ .....
6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

CATASTROPHIC INSURANCE, LOOK SOLEY LANGUAGE IN CONTRACTS, INSOLVENCY INSURANCE
- 7.1 Does the reporting entity set up its claim liability for provider services on a service data base?

Yes[X] No[ ]
- 7.2 If no, give details:
8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year

..... 382
- 8.2 Number of providers at end of reporting year

..... 391
- 9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[ ] No[X]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months

..... 0
- 9.22 Business with rate guarantees over 36 months

..... 0

**GENERAL INTERROGATORIES (continued)**  
**PART 2 - HEALTH INTERROGATORIES**

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[X] No[ ]

10.2 If yes:

10.21 Maximum amount payable bonuses

\$ ..... 597,649

10.22 Amount actually paid for year bonuses

\$ ..... 438,866

10.23 Maximum amount payable withholds

\$ ..... 320,554

10.24 Amount actually paid for year withholds

\$ .....

11.1 Is the reporting entity organized as:

11.12 A medical Group/Staff Model,

Yes[ ] No[X]

11.13 An Individual Practice Association (IPA), or,

Yes[ ] No[X]

11.14 A Mixed Model (combination of above)?

Yes[ ] No[X]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes[X] No[ ]

11.3 If yes, show the name of the state requiring such net worth.

MICHIGAN

11.4 If yes, show the amount required.

\$ ..... 4,594,263

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes[ ] No[X]

11.6 If the amount is calculated, show the calculation.

N/A

12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
WAYNE COUNTY .....
OAKLAND COUNTY .....
MACOMB COUNTY .....
GENESEE COUNTY .....

FIVE-YEAR HISTORICAL DATA

	1 2003	2 2002	3 2001	4 2000	5 1999
<b>BALANCE SHEET ITEMS (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 26) .....	39,060,603	29,236,699	22,516,680	25,513,773	20,915,273
2. Total liabilities (Page 3, Line 22) .....	25,460,186	21,377,820	17,969,412	20,054,874	16,660,608
3. Statutory surplus .....	13,600,417	7,858,879	4,547,268	5,458,899	4,254,665
4. Total capital and surplus (Page 3, Line 30) .....	13,600,417	7,858,879	4,547,268	5,458,899	4,254,665
<b>INCOME STATEMENT ITEMS (Page 4)</b>					
5. Total revenues (Line 8) .....	110,350,801	102,765,342	104,189,727	97,658,028	84,240,004
6. Total medical and hospital expenses (Line 18) .....	91,145,022	86,075,176	92,087,978	83,852,780	76,218,562
7. Total administrative expenses (Line 21) .....	15,861,139	14,300,927	16,462,800	14,238,485	14,885,969
8. Net underwriting gain (loss) (Line 24) .....	3,026,410	2,097,383	(4,697,027)	(346,092)	(6,803,011)
9. Net investment gain (loss) (Line 27) .....	273,137	326,652	708,581	1,085,005	4,159,438
10. Total other income (Lines 28 plus 29) .....	9,776	1,504	551	459	1,709
11. Net income or (loss) (Line 32) .....	3,309,323	2,425,539	(3,987,895)	739,372	(2,641,864)
<b>RISK-BASED CAPITAL ANALYSIS</b>					
12. Total adjusted capital .....	13,600,417	7,858,879	4,547,268	5,458,899	4,254,665
13. Authorized control level risk-based capital .....	4,369,938	4,636,466	4,410,241	2,897,592	
<b>ENROLLMENT (Exhibit 2)</b>					
14. Total members at end of period (Column 5, Line 7) .....	55,867	53,327	54,639	53,152	46,872
15. Total members months (Column 6, Line 7) .....	654,777	623,466	651,940	610,072	606,784
<b>OPERATING PERCENTAGE (Page 4)</b>					
<b>(Item divided by Page 4, sum of Lines 2, 3 and 5)</b>					
16. Premiums earned (Lines 2 plus 3) .....	100.0	100.0	100.0	100.0	100.0
17. Total hospital and medical (Line 18) .....	79.4	83.8	88.4	85.9	90.5
18. Total underwriting deductions (Line 23) .....	93.4	98.0	104.5	100.4	108.1
19. Total underwriting gain (loss) (Line 24) .....	2.6	2.0	(4.5)	(0.4)	(8.1)
<b>UNPAID CLAIMS ANALYSIS</b>					
<b>(U&amp;I Exhibit, Part 2B)</b>					
20. Total claims incurred for prior years (Line 12, Col. 5) .....	19,596,117	14,919,884	11,693,017	12,094,184	12,343,114
21. Estimated liability of unpaid claims-[prior year (Line 12, Col. 6)] ..	20,355,603	16,345,261	14,902,353	12,345,879	16,632,488
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>					
22. Affiliated bonds (Sch. D Summary, Line 25, Col. 1) .....					
23. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1) .....					
24. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2) .....	7,149,062	5,756,600	5,939,414	6,916,270	7,403,680
25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11) .....					
26. Affiliated mortgage loans on real estate .....					
27. All other affiliated .....					
28. Total of above Lines 22 to 27 .....	7,149,062	5,756,600	5,939,414	6,916,270	7,403,680



**SCHEDULE D - SUMMARY BY COUNTRY**  
**Long-term Bonds and Stocks OWNED December 31 of Current Year**

Description			1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1.	United States .....	.....	.....	.....	.....
	2.	Canada .....	.....	.....	.....	.....
	3.	Other Countries .....	.....	.....	.....	.....
	4.	Totals .....	.....	.....	.....	.....
States, Territories and Possessions (Direct and Guaranteed)	5.	United States .....	.....	.....	.....	.....
	6.	Canada .....	.....	.....	.....	.....
	7.	Other Countries .....	.....	.....	.....	.....
	8.	Totals .....	.....	.....	.....	.....
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9.	United States .....	.....	.....	.....	.....
	10.	Canada .....	.....	.....	.....	.....
	11.	Other Countries .....	.....	.....	.....	.....
	12.	Totals .....	.....	.....	.....	.....
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13.	United States .....	.....	.....	.....	.....
	14.	Canada .....	.....	.....	.....	.....
	15.	Other Countries .....	.....	.....	.....	.....
	16.	Totals .....	.....	.....	.....	.....
Public Utilities (unaffiliated)	17.	United States .....	.....	.....	.....	.....
	18.	Canada .....	.....	.....	.....	.....
	19.	Other Countries .....	.....	.....	.....	.....
	20.	Totals .....	.....	.....	.....	.....
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21.	United States .....	1,000,000	1,000,000	1,000,000	.....
	22.	Canada .....	.....	.....	.....	.....
	23.	Other Countries .....	.....	.....	.....	.....
	24.	Totals .....	1,000,000	1,000,000	1,000,000	.....
Parent, Subsidiaries and Affiliates	25.	Totals .....	.....	.....	.....	.....
	26.	Total Bonds .....	1,000,000	1,000,000	1,000,000	.....
PREFERRED STOCKS  Public Utilities (unaffiliated)	27.	United States .....	.....	.....	.....	.....
	28.	Canada .....	.....	.....	.....	.....
	29.	Other Countries .....	.....	.....	.....	.....
	30.	Totals .....	.....	.....	.....	.....
Banks, Trust and Insurance Companies (unaffiliated)	31.	United States .....	.....	.....	.....	.....
	32.	Canada .....	.....	.....	.....	.....
	33.	Other Countries .....	.....	.....	.....	.....
	34.	Totals .....	.....	.....	.....	.....
Industrial and Miscellaneous (unaffiliated)	35.	United States .....	.....	.....	.....	.....
	36.	Canada .....	.....	.....	.....	.....
	37.	Other Countries .....	.....	.....	.....	.....
	38.	Totals .....	.....	.....	.....	.....
Parent, Subsidiaries and Affiliates	39.	Totals .....	.....	.....	.....	.....
	40.	Total Preferred Stocks .....	.....	.....	.....	.....
COMMON STOCKS  Public Utilities (unaffiliated)	41.	United States .....	.....	.....	.....	.....
	42.	Canada .....	.....	.....	.....	.....
	43.	Other Countries .....	.....	.....	.....	.....
	44.	Totals .....	.....	.....	.....	.....
Banks, Trust and Insurance Companies (unaffiliated)	45.	United States .....	.....	.....	.....	.....
	46.	Canada .....	.....	.....	.....	.....
	47.	Other Countries .....	.....	.....	.....	.....
	48.	Totals .....	.....	.....	.....	.....
Industrial and Miscellaneous (unaffiliated)	49.	United States .....	.....	.....	.....	.....
	50.	Canada .....	.....	.....	.....	.....
	51.	Other Countries .....	.....	.....	.....	.....
	52.	Totals .....	.....	.....	.....	.....
Parent, Subsidiaries and Affiliates	53.	Totals .....	7,149,062	7,149,062	15,001,000	.....
	54.	Total Common Stocks .....	7,149,062	7,149,062	15,001,000	.....
	55.	Total Stocks .....	7,149,062	7,149,062	15,001,000	.....
	56.	Total Bonds and Stocks .....	8,149,062	8,149,062	16,001,000	.....

(a) The aggregate value of bonds which are valued at other than actual fair value is \$.....

**SCHEDULE D - Verification Between Years**

1. Book/adjusted carrying value of bonds and stocks, prior year. ....	6,256,600	6. Foreign Exchange Adjustment	
2. Cost of bonds and stocks acquired, Column 6, Part 3. ....	500,000	6.1 Column 17, Part 1.....	
3. Increase (decrease) by adjustment:		6.2 Column 13, Part 2, Section 1.....	
3.1 Column 16, Part 1.....		6.3 Column 11, Part 2, Section 2.....	
3.2 Column 12, Part 2, Section 1.....		6.4 Column 11, Part 4.....	
3.3 Column 10, Part 2, Section 2.....	1,392,462	7. Book/adjusted carrying value at end of current period.....	8,149,062
3.4 Column 10, Part 4.....	1,392,462	8. Total valuation allowance.....	
4. Total gain (loss), Column 14, Part 4.....		9. Subtotal (Lines 7 plus 8).....	8,149,062
5. Deduct consideration for bonds and stocks disposed of		10. Total nonadmitted assets.....	2,118,626
Column 6, Part 4.....		11. Statement value of bonds and stocks, current period.....	6,030,436

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**

**Allocated by States and Territories**

		1	2	Direct Business Only					
		Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	3	4	5	6	7	8
State, Etc.				Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Deposit-Type Contract Funds	Property/ Casualty Premiums
1.	Alabama (AL) .....	No .....	No .....						
2.	Alaska (AK) .....	No .....	No .....						
3.	Arizona (AZ) .....	No .....	No .....						
4.	Arkansas (AR) .....	No .....	No .....						
5.	California (CA) .....	No .....	No .....						
6.	Colorado (CO) .....	No .....	No .....						
7.	Connecticut (CT) .....	No .....	No .....						
8.	Delaware (DE) .....	No .....	No .....						
9.	District of Columbia (DC) .....	No .....	No .....						
10.	Florida (FL) .....	No .....	No .....						
11.	Georgia (GA) .....	No .....	No .....						
12.	Hawaii (HI) .....	No .....	No .....						
13.	Idaho (ID) .....	No .....	No .....						
14.	Illinois (IL) .....	No .....	No .....						
15.	Indiana (IN) .....	No .....	No .....						
16.	Iowa (IA) .....	No .....	No .....						
17.	Kansas (KS) .....	No .....	No .....						
18.	Kentucky (KY) .....	No .....	No .....						
19.	Louisiana (LA) .....	No .....	No .....						
20.	Maine (ME) .....	No .....	No .....						
21.	Maryland (MD) .....	No .....	No .....						
22.	Massachusetts (MA) .....	No .....	No .....						
23.	Michigan (MI) .....	No .....	Yes .....	11,399,901		102,623,039	1,255,774		
24.	Minnesota (MN) .....	No .....	No .....						
25.	Mississippi (MS) .....	No .....	No .....						
26.	Missouri (MO) .....	No .....	No .....						
27.	Montana (MT) .....	No .....	No .....						
28.	Nebraska (NE) .....	No .....	No .....						
29.	Nevada (NV) .....	No .....	No .....						
30.	New Hampshire (NH) .....	No .....	No .....						
31.	New Jersey (NJ) .....	No .....	No .....						
32.	New Mexico (NM) .....	No .....	No .....						
33.	New York (NY) .....	No .....	No .....						
34.	North Carolina (NC) .....	No .....	No .....						
35.	North Dakota (ND) .....	No .....	No .....						
36.	Ohio (OH) .....	No .....	No .....						
37.	Oklahoma (OK) .....	No .....	No .....						
38.	Oregon (OR) .....	No .....	No .....						
39.	Pennsylvania (PA) .....	No .....	No .....						
40.	Rhode Island (RI) .....	No .....	No .....						
41.	South Carolina (SC) .....	No .....	No .....						
42.	South Dakota (SD) .....	No .....	No .....						
43.	Tennessee (TN) .....	No .....	No .....						
44.	Texas (TX) .....	No .....	No .....						
45.	Utah (UT) .....	No .....	No .....						
46.	Vermont (VT) .....	No .....	No .....						
47.	Virginia (VA) .....	No .....	No .....						
48.	Washington (WA) .....	No .....	No .....						
49.	West Virginia (WV) .....	No .....	No .....						
50.	Wisconsin (WI) .....	No .....	No .....						
51.	Wyoming (WY) .....	No .....	No .....						
52.	American Samoa (AS) .....	No .....	No .....						
53.	Guam (GU) .....	No .....	No .....						
54.	Puerto Rico (PR) .....	No .....	No .....						
55.	U.S. Virgin Islands (VI) .....	No .....	No .....						
56.	Canada (CN) .....	No .....	No .....						
57.	Aggregate other alien (OT) .....	X X X .....	X X X .....						
58.	TOTAL (Direct Business) .....	X X X .....	(a). 1 .....	11,399,901		102,623,039	1,255,774		
DETAILS OF WRITE-INS									
5701	.....								
5702	.....								
5703	.....								
5798.	Summary of remaining write-ins for Line 57 from overflow page .....								
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above) ..								

(a) Insert the number of yes responses except for Canada and Other Alien.  
Explanation of basis of allocation of premiums by states, etc.:

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
**PART 1 - ORGANIZATIONAL CHART**

TOTAL HEALTH CARE, INC. - PARENT  
38-2018957, NAIC #95644, STATE OF MICHIGAN

A TOTAL HEALTH CHOICE, INC. - WHOLLY OWNED SUBSIDIARY OF TOTAL HEALTH CARE, INC.  
38-3240485

TOTAL HEALTH CHOICE, INC. - WHOLLY OWNED SUBSIDIARY OF TOTAL HEALTH CARE, INC.  
33-0603319, NAIC #95134, STATE OF FLORIDA